



**DEPARTMENT OF WAR  
DEFENSE OFFICE OF HEARINGS AND APPEALS**



In the matter of:	)	
	)	
	)	ISCR Case No. 25-00626
	)	
Applicant for Security Clearance	)	

**Appearances**

For Government: Nicole Smith, Esq., Department Counsel  
For Applicant: *Pro se*

04/02/2026

**Decision**

DORSEY, Benjamin R., Administrative Judge:

Applicant mitigated the financial considerations security concerns. Eligibility for access to classified information is granted.

**Statement of the Case**

On June 18, 2025, the Department of War (DOW) issued a Statement of Reasons to Applicant detailing security concerns under Guideline F (financial considerations). Applicant responded to the Statement of Reasons on July 14, 2025, and July 21, 2025 (collectively, the "Answer") and requested a hearing before an administrative judge from the Defense Office of Hearings and Appeals (DOHA). The case was assigned to me on January 29, 2026. After the matter was assigned to me, Applicant's husband (Mr. R) entered his appearance on her behalf as her attorney via e-mail. However, as Mr. R is not an attorney, it was determined that Applicant wished him to act as her personal representative. On March 11, 2026, via e-mail, Department Counsel amended the Statement of Reasons, without objection (collectively the Statement of Reasons and the Amended Statement of Reasons will be referred to as the "SOR"). I marked four e-mails dated March 11, 2026, related to the Government's amendment of the SOR, as Hearing Exhibit (HE 1).

The hearing was convened as scheduled on March 16, 2026, over the Microsoft Teams online network. Government Exhibits (GE) 1 through 3 and Applicant Exhibits

(AE) A through AA were admitted in evidence, without objection. I marked the Government's August 6, 2025 disclosure letter as HE 2. I marked Applicant's exhibit list as HE 3. At the outset of the hearing, Applicant decided to represent herself, and not have Mr. R act as her personal representative. (Transcript (Tr.) 5-6) Applicant testified, called Mr. R as a witness, and called Mr. H as a character witness. DOHA received the Tr. on March 23, 2026.

### **Findings of Fact**

Applicant is a 50-year-old employee of a government contractor for whom she has worked since about 2023. She has been married to Mr. R since 2011. She had a prior marriage from 1995 until a divorce in 2010. She has three adult-children, ages 28, 25, and 21. She earned a high school diploma in 1993 and took some undergraduate degree courses in 1993, 1994, 2009, and 2010. (Tr. 28-30; GE 1, 3)

In the SOR, the Government alleged that Applicant owed delinquent federal taxes in the amount of \$274,469 for tax years 2015 through 2021 (SOR ¶ 1.a). The original SOR alleged a federal delinquent tax debt of \$88,390 for those same tax years. In the Answer, Applicant admitted the allegation in the original SOR with additional comments, and at hearing, she admitted the increased amount alleged in the amended SOR. The SOR allegations are established by her admissions and the Government's evidence, including IRS tax transcripts. (Tr. 10-11; SOR; Answer, GE 1-3)

For the 2011 through 2025 tax years, Applicant and Mr. R filed their federal income tax returns in a married, filing jointly tax status. Between the two of them, Mr. R has handled their income tax filings and much of what Applicant knows about their tax dealings is what she has gleaned from Mr. R. Since 2001, Mr. R has owned a business that earned income requiring income tax withholdings. As a result of his business's earnings and withholdings, he generally owed income taxes at the end of each tax year. Prior to tax year 2015, Mr. R and Applicant used a tax preparer named Ms. H to complete and file their income tax returns. As a result of an illness and his marriage to Applicant, Mr. R and Applicant had some issues with their income tax returns from tax years 2011 through 2014. For example, they did not timely file their tax year 2011 and 2012 federal income tax returns, despite being required to do so. However, they have since resolved any tax issues for tax years 2011 through 2014. (Tr. 30-53, 56-58 60-66; GE 1-3)

For tax years 2015 through 2017, Applicant and Mr. R used a different tax preparer, Ms. Z, because Ms. H was unavailable after being involved in a car accident. The tax returns that Ms. Z prepared and filed originally resulted in Applicant and Mr. R not owing any federal income taxes for tax years 2015 through 2017. Mr. R suspected Ms. Z made errors in her determination that he and Applicant did not owe taxes for those tax years, but he wanted to believe those mistakes would go away. He noted that Ms. Z listed his charitable donations as a "business write-off" instead of a "personal write-off." It's not clear from the record when he realized this potential issue. In about

2017, the Internal Revenue Service (IRS) audited their tax returns for tax years 2015 and 2017. Applicant and Mr. R did not participate in the IRS audit because they were unaware of it until June or July of 2019. They theorized that IRS notices concerning the audit were being sent to their old address, as they moved several times around the 2016 through 2018 timeframe. Their tax preparer for those tax years did not tell them about the IRS audit, either. As a result of that audit, the IRS determined that Applicant and Mr. R owed about \$99,000 for tax year 2015 and about \$36,000 for tax year 2017. They did not learn how much the IRS alleged they owed for tax year 2016 until about 2021. Mr. R testified that when conducting its audit, the IRS calculated their tax debt by considering the gross revenue from Mr. R's business, but it did not include any of his deductions, such as his business costs. Mr. R suspects that the classification of his charitable donations is what ultimately led to the IRS audit for those tax returns. (Tr. 30-53, 56-58, 62-67, 78-81; Answer; GE 1-3)

When they became aware of the IRS audit and the delinquent taxes that they owed for tax years 2015 and 2017, in 2019, Applicant and Mr. R hired Mr. P, a CPA. They hired Mr. P to help them negotiate and pay their delinquent taxes for tax years 2015 through 2017. As the IRS had not finished its audit of their tax returns for tax year 2016, they did not yet know what taxes, if any, they owed for that tax year. However, they and Mr. P were confident they would owe some additional taxes for tax year 2016. Mr. P advised them to wait until the IRS finished its audit of tax year 2016 to negotiate a payment plan for all three tax years at once. In the meantime, they were consulting with Mr. P and gathering documentation from tax years 2015 through 2017 to support their business deduction claims. Mr. P also told Applicant and Mr. R that he had been in touch with the IRS about their situation. Between January 2020 and April 2020, unbeknownst to Applicant and Mr. R, Mr. P fell ill and eventually passed away in July 2020. This timing coincided with the onset of the COVID-19 pandemic, which left the IRS operating in a diminished capacity. (Tr. 30-53, 56-58, 67-70, 81; Answer; GE 1-3; AE H, N)

Applicant and Mr. R learned of Mr. P's passing when Mr. R received a wage garnishment from the IRS in early 2021. Applicant and Mr. R immediately hired Company O to help them negotiate with the IRS the amount of the taxes owed for tax years 2015 through 2017 (the IRS completed its audit for tax year 2016 sometime in 2021 and calculated that they owed about \$92,000 for that tax year). By the time they hired Company O, they also owed approximately \$47,000 in delinquent taxes for tax years 2019, 2020, and 2021, combined. They attributed owing taxes during these tax years to the increased income Mr. R made between his business and the job he started in 2019 as a W-2 employee. They asked for Company O's help with negotiating a payment plan with the IRS for tax years 2019 through 2021, too. Company O agreed to help them handle their delinquent taxes for all six of the aforementioned tax years. When they first hired Company O, they paid it about \$18,000. However, despite contacting Company O regularly and being told things were progressing with the IRS, they began to perceive a lack of concrete progress. In June 2024, they gave Company

O one last chance. When they were again not satisfied by November of 2024, they cut ties with Company O. (Tr. 30-53, 56-58, 70-73, 81-88; Answer; GE 1-3; AE N, Y)

In March 2023, Applicant and Mr. R hired Mr. PA, a CPA, to file their income tax returns for tax year 2022. They continue to employ him for income tax filing purposes. Mr. PA assisted them and timely filed their income tax returns for tax years 2022, 2023, 2024, and 2025. In November 2024, when they cut ties with Company O, they also asked Mr. PA to help them with their delinquent federal taxes from tax years 2015 through 2017 and 2019 through 2021. After hiring Mr. PA to help them with their delinquent federal taxes, one of their first steps was to visit a local IRS field office to seek its advice on how best to handle their tax issues. They have since visited the IRS field office on about three other occasions. Since hiring Mr. PA, on his and the IRS's advice, by the end of July 2025, Applicant and Mr. R filed amended federal tax returns for tax years 2015 through 2017. In September 2025, they paid the taxes owed reflected in those amended returns in the total amount of \$30,000. Documentary evidence confirms these payments. They are waiting to hear back from the IRS as to whether it will accept their amended returns and the amounts they paid as settlement in full of their federal tax obligations for tax years 2015 through 2017. (Tr. 30-53, 56-58, 73-76, 85-99; Answer; GE 2, 3; AE A-G, J-M, O-T, AA)

In July 2025, Applicant and Mr. R took out a home equity line of credit (HELOC) and, on August 1, 2025, paid their delinquent taxes for tax years 2019 through 2021 in the total amount of about \$45,000. Documentary evidence confirms these payments. They have timely filed their federal income tax returns for tax years 2022 through 2025, and they have timely paid their income taxes for those tax years. Documentary evidence confirms these timely filings and payments. While Mr. R still owns his business, he does not earn income on it. Applicant and Mr. R have maximized their savings by both holding jobs with government contractors and moving to their current state where the cost of living is lower. They testified that these changes have allowed them to pay the taxes owed on their amended tax returns for tax years 2015 through 2017, and to pay the HELOC loan each month. If the IRS does not approve their amended income tax returns, they plan to have Mr. PA help them negotiate a payment arrangement or to make an offer in compromise. They provided documentary evidence that they are current on their state tax obligations. (Tr. 30-53, 56-58, 73-76, 85-99; Answer; GE 2, 3; AE A-G, J-M, O-Y, AA)

Applicant and Mr. R share income and expenses. She is paid about \$80,000 annually. Mr. R is paid about \$165,000 annually. They owe about \$379,000 on their mortgage and pay about \$3,525 on it per month, which is inclusive of the \$400 per month HELOC payment. They claim to have about \$3,500 left over at the end of each month. They have about \$7,000 in bank accounts. Applicant has about \$30,000 in a retirement savings account and Mr. R has about \$57,000 in his. They are current on all their other financial obligations. Applicant was largely unable to answer questions about their monthly income, expenses, and savings, and deferred to Mr. R to provide that information. (Tr. 53-54, 76-78, 92; GE 3)

Applicant called Mr. H to testify during her case in chief. Mr. H has held a security clearance for about four years. Mr. H and Applicant are work colleagues. Mr. H has known Applicant professionally for about three years and is her second-level manager. He regularly interacts with Applicant and opined that she does a great job and is a fantastic employee. He wishes more of the employees where they work were like her. He finds her to be extremely trustworthy. He is aware of the security concerns contained in the SOR. He believes that she should be entrusted with security clearance eligibility. (Tr. 101-107)

Mr. B provided a character-reference letter on behalf of Applicant. Mr. B has worked with her for about three years. He wrote that she has a well-established reputation for dependability and reliability. He wrote that she is “the standard by which we measure our cultural idea.” He extolled her worth to their company, claimed that she had been open and honest about her security clearance adjudication process and that she is a person of “profound integrity and exceptional moral character.” He offered his “strongest possible recommendation of her character without any reservation.” (AE Z)

### **Policies**

This case is adjudicated under Executive Order (EO) 10865, *Safeguarding Classified Information within Industry* (February 20, 1960), as amended; DOD Directive 5220.6, *Defense Industrial Personnel Security Clearance Review Program* (January 2, 1992), as amended (Directive); and the adjudicative guidelines (AG), which became effective on June 8, 2017.

When evaluating an applicant’s suitability for a security clearance, the administrative judge must consider the adjudicative guidelines. In addition to brief introductory explanations for each guideline, the adjudicative guidelines list potentially disqualifying conditions and mitigating conditions, which are to be used in evaluating an applicant’s eligibility for access to classified information.

These guidelines are not inflexible rules of law. Instead, recognizing the complexities of human behavior, administrative judges apply the guidelines in conjunction with the factors listed in the adjudicative process. The administrative judge’s overarching adjudicative goal is a fair, impartial, and commonsense decision. According to AG ¶ 2(c), the entire process is a conscientious scrutiny of a number of variables known as the “whole-person concept.” The administrative judge must consider all available, reliable information about the person, past and present, favorable and unfavorable, in making a decision.

The protection of the national security is the paramount consideration. AG ¶ 2(b) requires that “[a]ny doubt concerning personnel being considered for national security eligibility will be resolved in favor of the national security.”

Under Directive ¶ E3.1.14, the Government must present evidence to establish controverted facts alleged in the SOR. Under Directive ¶ E3.1.15, the applicant is responsible for presenting “witnesses and other evidence to rebut, explain, extenuate, or mitigate facts admitted by the applicant or proven by Department Counsel.” The applicant has the ultimate burden of persuasion to obtain a favorable security decision.

A person who seeks access to classified information enters into a fiduciary relationship with the Government predicated upon trust and confidence. This relationship transcends normal duty hours and endures throughout off-duty hours. The Government reposes a high degree of trust and confidence in individuals to whom it grants access to classified information. Decisions include, by necessity, consideration of the possible risk the applicant may deliberately or inadvertently fail to safeguard classified information. Such decisions entail a certain degree of legally permissible extrapolation of potential, rather than actual, risk of compromise of classified information.

Section 7 of EO 10865 provides that adverse decisions shall be “in terms of the national interest and shall in no sense be a determination as to the loyalty of the applicant concerned.” See *also* EO 12968, Section 3.1(b) (listing multiple prerequisites for access to classified or sensitive information).

## **Analysis**

### **Guideline F, Financial Considerations**

The security concern for financial considerations is set out in AG ¶ 18:

Failure to live within one’s means, satisfy debts, and meet financial obligations may indicate poor self-control, lack of judgment, or unwillingness to abide by rules and regulations, all of which can raise questions about an individual’s reliability, trustworthiness, and ability to protect classified or sensitive information. Financial distress can also be caused or exacerbated by, and thus can be a possible indicator of, other issues of personnel security concern such as excessive gambling, mental health conditions, substance misuse, or alcohol abuse or dependence. An individual who is financially overextended is at greater risk of having to engage in illegal or otherwise questionable acts to generate funds.

The guideline notes several conditions that could raise security concerns under AG ¶ 19. The following are potentially applicable in this case:

- (a) inability to satisfy debts;
  
- (c) a history of not meeting financial obligations; and

(f) failure to file or fraudulently filing annual Federal, state, or local income tax returns or failure to pay annual Federal, state, or local income tax as required.

Applicant owed a combined total of approximately \$274,000 in delinquent federal taxes for tax years 2015 through 2021. The above-referenced disqualifying conditions are established.

Conditions that could mitigate the financial considerations security concerns are provided under AG ¶ 20. The following are potentially applicable:

(a) the behavior happened so long ago, was so infrequent, or occurred under such circumstances that it is unlikely to recur and does not cast doubt on the individual's current reliability, trustworthiness, or good judgment;

(b) the conditions that resulted in the financial problem were largely beyond the person's control (e.g., loss of employment, a business downturn, unexpected medical emergency, a death, divorce or separation, clear victimization by predatory lending practices, or identity theft), and the individual acted responsibly under the circumstances;

(c) the individual has received or is receiving financial counseling for the problem from a legitimate and credible source, such as a non-profit credit counseling service, and there are clear indications that the problem is being resolved or is under control;

(d) the individual initiated and is adhering to a good-faith effort to repay overdue creditors or otherwise resolve debts;

(e) the individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to substantiate the basis of the dispute or provides evidence of actions to resolve the issue; and

(g) the individual has made arrangements with the appropriate tax authority to file or pay the amount owed and is in compliance with those arrangements.

Applicant's tax issues spanned multiple years and involved a substantial amount of federal tax debt. She has not been delinquent on her federal taxes since 2021, but she only just recently paid her delinquent federal taxes for tax years 2019 through 2021, and it is unclear whether the IRS will accept her amended tax returns and her payment of the amounts contained therein for tax years 2015 through 2017. She also did not maintain sufficient supervision of her tax and other financial interests, relying too much

on Mr. R to handle those aspects of her life. I recognize that these concerns are tempered because she now apparently has found competent tax assistance in the form of Mr. PA, and they are following the IRS's guidance as to how to tackle the effects of the audit. Given these considerations there is some evidence that her tax issues will not recur. AG ¶ 20(a) is partially, but not fully applicable.

Applicant's tax problems were influenced by conditions both within and beyond her control. Her reliance on Mr. R to take care of her taxes and other financial responsibilities was within her control. The death of Mr. P and the incompetence of Ms. Z and Company O were beyond her control. There is evidence that she acted responsibly under the circumstances by hiring tax professionals, consulting the IRS, and paying some (and possibly all) of her delinquent federal taxes. However, there is also a reasonable argument that she should not have waited about three years to question whether Company O was being productive. AG ¶ 20(b) is partially applicable.

Applicant began seeking assistance from a credible and competent professional (Mr. P) not long after she learned of the results of the IRS audit. When Mr. P died, she eventually found another credible and competent professional when she hired Mr. PA in 2023, and then expanded his role in November 2024. Under his guidance, Applicant and Mr. R implemented a reasonable approach to resolving their tax liabilities, including filing amended returns, making payments, and engaging directly with the IRS. The evidence reflects that Applicant's financial situation is stable. She and her spouse have steady income, some liquidity, and retirement savings. They have not been delinquent on their taxes since 2021. While I note that the IRS may not accept their amended tax returns for tax years 2015 through 2017, they appear to be in competent hands and, together with Mr. PA, have a plan to negotiate a payment arrangement with the IRS if it does not accept the amended returns. There are clear indications that the problem is under control. AG ¶ 20(c) is applicable.

Given Applicant's hiring of various tax professionals and ultimate payment of potentially all her federal tax delinquencies, Applicant initiated and is adhering to a good-faith effort to resolve her debts. Despite the inconclusive results until she hired Mr. PA, she attempted to address her tax delinquencies shortly after becoming aware of the IRS audit in 2019. While her tax payments were not made until after she was put on notice that her security clearance eligibility was at risk, her effort to resolve her delinquencies began well before that time. The Appeal Board has emphasized that the timing of corrective actions and whether they reflect a genuine effort to resolve debts are critical factors in assessing mitigation. AG ¶ 20(d) is applicable.

AG ¶ 20(e) is partially applicable. Given her claim that the IRS calculated Mr. R's business revenue based on lack of information concerning deductions, Applicant has a reasonable basis to dispute portions of the IRS's assessment for tax years 2015 through 2017. She provided documented proof to substantiate the basis of that dispute through her amended tax returns for tax years 2015 through 2017. However, she did not have a reasonable basis to dispute her delinquent taxes for tax years 2019 through

2021. Also, the IRS has not weighed in on the validity of her dispute for tax years 2015 through 2017. Accordingly, this mitigating condition is entitled to limited weight.

AG ¶ 20(g) is partially applicable. Applicant has made arrangements with the IRS to pay her delinquent taxes for tax years 2019 through 2021. As I indicated in my analysis under AG ¶ 20(d), the timing of those resolution efforts does not call into question her motivation for doing so. After consulting with the IRS, she has attempted to resolve her tax delinquencies for tax years 2015 through 2017 by filing amended tax returns and paying the amounts owed therein. However, the IRS has not weighed in on whether those amended tax returns are acceptable. Therefore, it is unclear whether she is in compliance with any arrangements with respect to tax years 2015 through 2017.

### **Whole-Person Concept**

Under the whole-person concept, the administrative judge must evaluate an applicant's eligibility for a security clearance by considering the totality of the applicant's conduct and all relevant circumstances. The administrative judge should consider the nine adjudicative process factors listed at AG ¶ 2(d):

- (1) The nature, extent, and seriousness of the conduct;
- (2) the circumstances surrounding the conduct, to include knowledgeable participation;
- (3) the frequency and recency of the conduct;
- (4) the individual's age and maturity at the time of the conduct;
- (5) the extent to which participation is voluntary;
- (6) the presence or absence of rehabilitation and other permanent behavioral changes;
- (7) the motivation for the conduct;
- (8) the potential for pressure, coercion, exploitation, or duress; and
- (9) the likelihood of continuation or recurrence.

Under AG ¶ 2(c), the ultimate determination of whether to grant eligibility for a security clearance must be an overall commonsense judgment based upon careful consideration of the guidelines and the whole-person concept. I have incorporated my comments under Guideline F in my whole-person analysis. I have considered Applicant's positive character references. I have also considered the serious nature of her financial issues. She owed a substantial amount of delinquent federal tax debt that extended over multiple tax years. However, the evidence reflects that once Applicant became aware of the full scope of the problem in 2019, she took reasonable steps to address it and continued those efforts despite the death of Mr. P and ineffective assistance from Company O. Applicant's conduct since late 2024 demonstrates a pattern of responsible financial behavior. She and her husband engaged competent professional assistance from Mr. PA, filed amended tax returns for tax years 2015 through 2017, and paid the taxes owed pursuant to those amended returns. They also paid their delinquent taxes for tax years 2019 through 2021 and have maintained full compliance with their tax obligations since then. While I recognize that the IRS has not approved of the amended tax returns or the amounts contained therein, this concern is tempered given that Applicant followed the IRS's advice and the apparent competence

of their current tax professional. I find that Applicant has mitigated the financial considerations security concerns and have no doubts concerning her trustworthiness, judgment, and reliability.

### **Formal Findings**

Formal findings for or against Applicant on the allegations set forth in the SOR, as required by section E3.1.25 of Enclosure 3 of the Directive, are:

Paragraph 1, Guideline F: FOR APPLICANT

Subparagraphs 1.a-1.f: For Applicant

### **Conclusion**

It is clearly consistent with the national interest to grant Applicant eligibility for a security clearance. Eligibility for access to classified information is granted.

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Benjamin R. Dorsey  
Administrative Judge